

# **MASBO TRAINING**

## **Summer Conference 2013**

### **Employees**

TRS members who become members before July 1, 2013 will be referred to as “Tier One” members.

TRS members who first become members (or become members again after having withdrawn from TRS) on or after July 1, 2013 will be “Tier Two” members

### **Supplemental Employee Contribution**

Effective with your July 2013 report to TRS, the employee contribution rate will increase 1.0%, from 7.15% to 8.15%.

### **Employers**

#### **Supplemental employer contribution**

In addition to the current rate, 7.47%, employers will also pay an additional 1% supplemental contribution beginning on July 1, 2013 for a total employer rate of 8.47%.

### **Working retirees**

REMINDER: Effective with the employer's July 2013 report to TRS, employers must remit to TRS 9.85% of the total earned compensation paid to each retired TRS member who returns to employment. This is an employer contribution, and should not be deducted from the working retiree's wages.

This requirement was passed in the 2009 legislative session to take effect July 1, 2013. For more information you may refer to 19-20-605 (4), MCA.

## **Reporting Requirements for Employers and Working Retirees**

Both the employer and the retired member must provide written notice to TRS of the postretirement employment within 30 days of signing a contract, or, if no written contract is entered into, within 30 days of the first day on which postretirement services are provided. Both the working retiree and employer(s) must complete the Retired Member's and Employer's Notice of Post-Retirement Employment Form 146. Together with all related contracts, job descriptions, and other specified documentation, Form 146 must be submitted to TRS within 30 days of employing a TRS retiree. This required notice must be completed annually or at any time a contract (letter of agreement, etc.) is executed or modified. In addition to the submission of Form 146, the employer is required to report the hours worked by and compensation paid to the working retiree on the employer's monthly wage and contribution report to TRS.

## **Working Retiree Positions and Services that Must be Reported to TRS**

Under 19-20-731, MCA, working retirees must be reported to TRS if the performance of the duties and functions of the position would make the employee eligible (under 19-20-302, MCA) to participate in TRS. It is the nature of the services, duties, and functions to be performed by the working retiree, not the job title assigned, that will determine reportability to TRS. Additionally, a working retiree must be reported to TRS whether the TRS retiree is an employee of the employer, an employee of a third party, or an independent contractor. Finally, under 19-20-731, MCA, for a TRS retiree working in a position reportable to TRS and concurrently working in a position that is not reportable to TRS (for example a PERS covered position), **all compensation paid to the TRS retiree in both positions** is reportable to TRS.

## **Break in service - Effective January 1, 2014**

Effective with terminations and retirements on or after January 1, 2014, a retired member may not be employed in a position reportable to TRS until the member has had a break in service of 150 calendar days commencing on the first day following the termination date.

The only exception: a retired member may be employed as a substitute classroom teacher for no more than 45 days during the 150 day break in service period.

## **Retirement fund reserves**

On October 1, 2013 each school district with retirement fund operating reserves as provided in 20-9-501, MCA, greater than 20% must transfer to TRS the greater of:

- ☐ the amount earmarked as an operating reserve on the adopted retirement fund budget for fiscal year 2013 minus 20% of the adopted retirement fund budget for fiscal year 2013; or
- ☐ the retirement fund balance for fiscal year 2013 minus the allowable retirement fund operating reserve for fiscal year 2014.

### **Contact TRS**

We realize that you may have questions regarding these upcoming changes. Please feel free to contact us at (406) 444-3134.